

Counterfeiting Sovereignty

Why the State jealously guards its currency

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“Counterfeit coin is said to prove the existence of genuine—the terms being purely relative. But because there can be no counterfeit where there is no original, does it in any manner follow that any undemonstrated original exists? In seeing a spurious coin, we know it to be such by comparison with coins admitted to be genuine; but were no coin admitted to be genuine, how should we establish the counterfeit, and what right should we have to talk of counterfeits at all?

—Edgar Allan Poe (1850)

Of all the symbols that clutter up our thinking on a daily basis, few are as deliriously supernatural as paper money. In literature, it's called “suspension of disbelief”: the reader concedes to go along with a book's version of reality and accept some sets of imaginary aesthetic perspectives as legitimate markers for what's going on in exchange for the sensations of entertainment.

When the State prints up another batch of ugly, garishly-colored paper decorated with pictures of dead nationalist celebrities, we as subjects of that authority collectively suspend our disbelief and willingly comply to accept it as an abstract representation of condensed achieved work (yours or someone else's) and of the promise that the surrounding economic order will continue to acknowledge some value to that work in the payment of debt. The secret to a strong, stable, capitalist economy is to get everyone involved to come to an agreement about what version of social reality is represented by these poorly-designed rectangular pieces of colored cotton and linen.

The hallucinatory nature of bank notes sometimes crops up in the study of the philosophy of money. To capture its mirage-like qualities, theorists like Georg Simmel, Berthold Otto, and Elias Canetti sometimes dipped into the realms of human experience usually explored by the most fanciful theologians, cosmologists, or psychologists: money is best understood as interpersonal communication, they suggest, or as human intention and desire, or as a mirror of modernity and identity. But it is clear that irrationality is a core component of money, and that all the high-tech inks, raised intaglio printing presses, and ultraviolet security threads used by the United States Bureau of Engraving and Printing to produce cash would be useless without consensual mass delusion and widespread magical thinking.

Marx diagnosed this magical thinking as a symptom of alienation, and he famously blamed money for the poisonously immoral abstraction and objectification of social relations. “My own power is only as great as the power of my money,” he wrote in his *Economic and Philosophical Manuscripts of 1844*. “I am a detestable, dishonorable, unscrupulous, and stupid man, but since money is honored, then so is its possessor.” Money has the “power to confuse and invert all human and natural qualities. It is the alienated power of humanity.”

What Marx didn't follow up on, though, is that, for all its alienating qualities, money can also be used to fuse people together into a very tightly bound (and highly irrational) community, like the State. After all, it's no coincidence that one of the things that historians look at in the study of ancient civilizations is when and how money was

standardized by a central power. Uniform currency is as predictable an infrastructural management mechanism in a society as the standardization of weights and measures in commerce.

Counterfeit nation

Stephen Mihm's *A Nation of Counterfeiters: Capitalists, Con Men, and the Making of the United States* (2007) offers a bit of insight here on the subject of currency, state authority, and counterfeiting. Between the end of the American Revolutionary War and the outbreak of the Civil War, hundreds of privately-owned chartered banks in over 30 states produced their own versions of currency against gold reserves; Mihm guesses that there were about 10,000 different kinds of paper money floating around, making it extremely difficult for anyone to make distinctions between legitimate and counterfeit cash (or counterfeit banks, for that matter).

Most of those notes had an identifiable regional association—the “First Metropolitan Bank of Philadelphia,” let’s say—so that when you used them in purchasing goods and services, you reinforced local ties and helped to forge a discrete territorial identity. Because it was impossible to recognize the real thing with so many different banks producing their own in-house paper, counterfeit money was accepted (and in some cases, welcomed) in trade and commerce out of necessity.

In making merchants, bankers, and other debt-holders in the community knowingly complicit in making a counterfeit bill into “a generally accepted medium of exchange,” fake money was magically converted into real money. The epigraph at the top of this article by the horror writer Edgar Allen Poe was originally published during this chaotic age of wildcat banks, currency swindlers, and the ghostly appearance and disappearance of monetary value.

This all came to an end with the need for the federal government to assert its sovereignty over the rebel Confederate South during and after the Civil War. To aid in this mission, a single national currency was created that would subsume all local bank notes and regional economic activity to a more centralized body. The use of this national bank note as the one and only money was enforced; the Secret Service was invented in 1865 to suppress the production of competing currencies for the Department of the Treasury. This move sharply changed the way the market economy operated in the US and helped to stabilize the country in time for the coming burst of industrialization at the end of the nineteenth century.

Although Mihm doesn’t spell it out this way, it’s clear from his history that currency is a con game, and counterfeit bills effectively challenge paper money to prove its worth. The only way that official currency can neutralize the challenge of counterfeits is to call upon the State’s monopoly on violence to criminalize and punish alternative currencies.

The exclusive use of state-issued money allows political authorities to insinuate themselves into daily person-to-person dealings at a remarkably intimate level. It gives the State a considerable degree of control over all kinds of social and cultural practices. Every piece of government-issued money in your pocket embroils you into a vast authoritarian network of national sovereignty mechanisms.

Treason and war

National currency is undoubtedly a tool of State authority. It is a weapon of the State and it is a tool of state building—it’s no wonder that government bureaucrats want to jealously control its creation, circulation, and quantity. The government declares cash valuable and backs this up by forcing people to use it for all economic activity. In so doing, the sovereign power closely ties the fortunes of its subjects to its own stability; any attempts to destabilize the legitimacy of government rule over individual lives will result in a loss of confidence in the economy, potentially impoverishing those living under its order.

Does this mean that counterfeiters are seditionists? Can making and passing counterfeit money be regarded as anti-statist subversion? The legal penalties are certainly harsh enough to suggest that counterfeiting is a minor form of treason: in US federal court, for example, there are separate felony penalties for making, possessing,

passing, and concealing “forged and counterfeited obligations of the United States knowingly and with intent to defraud,” each charge carrying with it about fifteen years in prison and a fine of \$5,000. On top of that, every counterfeit bill passed is an additional \$250,000 penalty aside from the cost of restitution for whatever good or service that you purchased with your creation.

As with the draconian drug laws, property seizures by the government are common. Theoretically, if you make a \$10 bill in your bedroom with a computer, a flatbed scanner, a decent desktop image editing software program, and a good color printer, and then use that DIY sawbuck to put gas in your car, law enforcement agencies are able to seize your computer equipment, your home, and your car. On top of that, you’d be looking at 60 years in a federal prison, probably \$270,000 in fines, and you’d be forced to reimburse the gas station for the couple gallons that you bought with the \$10.

Congruent with notion that counterfeiting is a treasonous erosion of sovereignty is the position that state-sponsored funny money operations are considered acts of war. Overlooking the mass irrationality that’s needed to make money work in the first place, international law uses sound, sober economic reasoning for regarding counterfeiting as a legitimate *casus belli*.

Bogus currency increases the amount of cash circulating in the carefully-monitored money supply, and any unauthorized increase in the money supply devalues it, weakening its value.

This helps to explain why, starting in 2002, there were statements being made regularly by US government spokespuppets about Saddam Hussein’s connections to a massive counterfeiting operation that was threatening the integrity of the US dollar. (As with Saddam’s sophisticated biological warfare and nuclear weapons program, evidence of his sinister international currency counterfeiting scheme was never found in Iraq.)

US executive branch fingers have also been pointing at the vile Stalinist ruling elite of the Democratic People’s Republic of Korea as counterfeiters, but an extensive investigation by Interpol in 2006 and by the Swiss state police last summer failed to confirm any involvement whatsoever of Pyongyang in the manufacture of spurious US bank notes. As the Bush-Cheney regime tries to go out with a bang in January 2009, Iran has been singled out in recent months as the mastermind behind yet another economic warfare campaign based on counterfeit dough.

The frothy blather that’s been most promulgated by right-wing bloggers and the Pavlovian mainstream press has been about a suspected Syria-Hezbollah-Palestine Authority dollar factory supposedly run by the Iranian Revolutionary Guard in the Beqaa valley in eastern Lebanon—expect more of the same stories as the propaganda mills begin churning out more nonsense for justifying airstrikes against Iran.

The superdollar conspiracies

What these Axis of Evil counterfeiting conspiracy theories have in common is the creation and distribution of what US Treasury experts have taken to calling “superdollars.” The superdollar is almost indistinguishable from the real thing—what makes it “super” is the superior quality of the inks, etchings, and printing on these bills which exceed, by most accounts, the look and design of the cash minted by the US government.

These fakes are exquisitely advanced. Because of the artistry and technology that they entail, it can only be the work of a government rather than an organized crime syndicate. It’s been estimated that every one out of ten thousand US bills currently in circulation is a superdollar counterfeit. In the next few months, the Treasury Department will be releasing its “big-head” facelift of the \$100 note, a re-invention of the 2003 design that’s been largely motivated, by the advances in counterfeiting technology that has made the superdollar possible.

The panic over these counterfeits is existential. It is virtually impossible to distinguish between an “un-real” superdollar Benjamin and a “real” \$100 bill. It’s not that there’s a possibility that there might be some confusion between a worthless fake paper scrap and a valuable financial instrument that poses the most danger here; rather, the peril is that they are in reality both worth the same amount because they are so closely identical.

It takes the specialist skills of a forensic scientist from the Treasury Department to identify a superdollar by sight, so it is safe to assume that, for everyday transactions with one another in the street, it is an authentic, state-sanctioned bank note worth what the number in the corner of the bill says. The superdollar, then, is not an anti-\$100

bill, but a counter-\$100 bill that, for all intents and purposes, shares the identical qualities and functions of a C-note that has been issued by the US government.

When Interpol and the Swiss police failed to find any evidence of alleged North Korean involvement in the superdollar scheme, a business reporter for a conservative daily German national newspaper conducted his own investigation. Known for his expertise in the problems of government-run bank note printing industries, this German journalist concluded that the superdollars were likely the result of “an illegal parallel print of a genuine note,” meaning that someone is using the exact same presses, processes, ink, paper, and perhaps even printing facilities used exclusively by the US government.

Other reporters who have followed this story have theorized that the counterfeiters are connected with US intelligence services and are producing cash for clandestine use to elude any Congressional audit and budgetary oversight. The \$100 super-dollar bills initially surface outside of the US in places where intelligence agencies are particularly active (the Middle East, East Africa, and Pacific Asia) before making their way to Europe and the US. What is especially peculiar is that—though these forgeries are astonishingly detailed to an almost microscopic level—the same unknown counterfeiters have failed to duplicate even the most basic magnetic and infrared security features. What this means is that the most common devices used by US banks can easily spot them as fake.

In other words, it's as if the superdollar counterfeiters wanted to fool everyone except the US Federal Reserve banking system, thereby limiting the usefulness of these notes to cash-only transactions conducted on foreign soil. The superdollar counterfeiting gang has been thoughtful enough to fabricate bank notes that function exactly like US money does without tampering with the Fed's carefully calculated money supply. The superdollar is a brilliant enough counterfeit to have all the power and prestige of US currency for conducting business (especially black market business) in the world's hotspots, but isn't good enough to affect the rate of monetary inflation, because the moment it enters into the US domestic money stream it is identified as a fraud and removed from circulation. It's as if the counterfeiters were US patriots, or had some sort of vested interest in keeping the stability, strength, and integrity of US state sovereignty intact.

Gold bugs—true believers in bullion as the only “real” marker of wealth, like those angry and apocalyptically anxious white guys who mix old-school right-wing survivalism with the property fetishism of the pseudo-libertarian “Libertarian Party”—mockingly refer to folding money as “fiat currency,” inked paper devoid of any intrinsic, material worth outside of the government's ability to coerce people to use it as a legal tender in the payment of taxes.

They've got a point, of course—all paper money is valueless so long as value is determined by government fiat. It's easy to extrapolate this point about fiat money for anarchists. Just as there are no legitimate governments, there is no currency that isn't counterfeit. If the suspicions about the origins and functions of superdollars turn out to be true, then there can be no better illustration of the delusions of money and the State that we all labor under.

Sidebar: U.S. cash shows cocaine traces

A 1985 study by the U.S. Drug Enforcement Administration of the money machines in a U.S. Federal Reserve district bank, random samples of \$50 and \$100 bills revealed that a third to a half of all the currency tested bore traces of cocaine.

Moreover, the machines themselves were often found to test positive, meaning that subsequent batches of cash fed through them would also pick up cocaine residue. Evidence given before a federal appeals court in 1995 showed that three out of four bills randomly examined in Los Angeles bore drug traces.

A single bill used to snort cocaine or otherwise mingled with the drug can contaminate an entire cash drawer.

The average person need not fear that the money in their wallet will inadvertently get them high, or that paying for a burger and fries at McDonald's will cause them to fail a random drug test. Only those whose jobs call upon them to handle extremely large numbers of bills every day need worry that enough cocaine is getting on their hands to be detectable. Bank tellers or those who work in the soft count rooms of casinos, for instance, might need to consider the effects of this contamination.

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